

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEALS OF SCOTT	)	APPEAL NOS. 06-A-2132
LATTIMER from the decisions of the Board of	)	AND 06-A-2133
Equalization of Canyon County for the tax year 2006.	)	FINAL DECISION
	)	AND ORDER

**RESIDENTIAL/COMMERCIAL PROPERTY APPEAL**

THESE MATTERS came on for hearing October 25, 2006, in Caldwell, Idaho, before Hearing Officer Steve Wallace. Board Members Lyle R. Cobbs and David E. Kinghorn participated in this decision. Owner Scott Lattimer and Realtor Scott Dykstra appeared for Appellant. Chief Deputy Assessor Joe Cox, and Deputy Assessors Gregg Graybadger and Richard Anderson appeared for Respondent Canyon County. This appeal is taken from the decisions of the Canyon County Board of Equalization (BOE) modifying the protests of the valuation for taxing purposes of properties described as Parcel Nos. 6R150382440 and 6R150382430.

**The issue on appeal is the market value of two properties containing both residential and commercial aspects.**

**The decisions of the Canyon County Board of Equalization are affirmed.**

FINDINGS OF FACT

Parcel 6R150382440

The assessed land value for the residential portion is \$18,700, and \$116,500 for the commercial portion. The residential improvements' valuation is \$31,400, and \$8,300 for the commercial improvements. The total assessment is \$174,900. Appellant requests the total value be reduced to \$84,900.

Parcel 6R150382430

The assessed land value for the residential portion is \$18,600, and \$94,000 for the

commercial portion. The residential improvements' valuation is \$58,200, and \$27,800 for the commercial improvements. The total assessment is \$160,200. Appellant requests the total value be reduced to \$44,700.

The subject properties are two adjacent parcels totaling 1.41 acres, located on a commercial boulevard in Nampa, Idaho. Both parcels have the same record owner and have mixed residential and commercial uses. The north parcel is .70 acres with a rental house attached and the south parcel is .71 acres with Appellant's residence. A used car lot is situated on the remaining portions of both parcels and constitutes the commercial portions of subjects.

Appellant contended the sales used in subjects' assessments were too dissimilar and should not be considered. It was noted the sale properties were leveled, curbed, guttered, and included sidewalks and underground utilities. Subject properties did not have such amenities and were otherwise not up to code. Taxpayer also stated that no improvements could be made until the subject property was brought up to code, however, the costs to make the necessary changes would be greater than subject was worth and therefore, too prohibitive. Appellant asserted the costs would total approximately \$500,000. This included fill dirt to bring subject level with Franklin Boulevard, as subjects were approximately five feet lower than the street.

Appellant further disputed one of the County's sales on the grounds that the buyer in that situation had no choice but to purchase the property in order to expand an existing business on the adjacent lot. Appellant contended the transaction was well above market value so cannot be used to value subjects.

Appellant also challenged the usefulness of the "listed" properties included in Respondent's valuation study on the basis that sales determine market value, not listing prices.

Taxpayer then stated there should be no added value for properties zoned commercial

versus those zoned light industrial because in the City of Nampa, both classifications allow the same business activities. Subject was zoned commercial.

Appellant provided a February 2006 sale of a nearby 1.37 acre property for \$160,000 that contains both residential and commercial components. Appellant claimed it was similar to subjects and was the best comparison available.

Appellant also contended part of subjects is an access road. Taxpayer asserted the road was used only by neighboring residents, thereby rendering 10% to 15% of subjects' ground useless, and as such, the assessments should be reduced accordingly.

Respondent noted the BOE had already reduced subjects' assessments from \$174,900 to \$126,460 for the south lot and \$198,600 to \$163,980 for the north lot. Following the BOE's reduction, another appraisal was completed by the assessor that resulted in values of \$159,850 and \$189,680 respectively.

Respondent provided six residential sales to support the value of the residential portion of the north subject parcel and another six sales for the residential portion of the south parcel, resulting in values of \$61,000 and \$89,000 respectively.

To support the commercial values, Respondent used five sales ranging from \$2.83 to \$14.39 per square foot. Respondent also provided three "listed" properties to demonstrate the current perceived value for properties in subjects' area. The listing prices ranged from \$4.21 to \$6.23 per square foot. Both parties acknowledged there were few sales in the immediate area, thus making subjects' values more difficult to determine. Respondent suggested the sale in 2000 for \$4.68 per square foot was the most comparable to subjects. Respondent also agreed the sale for \$14.39 per square foot was not an arm's-length transaction and therefore did not give much weight to the sale. After making adjustments to account for differences between subjects

and the sales, the commercial portions of subject land were valued at \$4.20 per square foot, resulting in values of \$98,850 for the north parcel and \$100,680 for the south parcel.

Respondent challenged the sale provided by Appellant because it was not adjacent to Franklin Boulevard while subjects, on the other hand, fronted Franklin. Respondent explained that commercial property located on a busy thoroughfare was more valuable. Subjects were also situated closer to the nearby freeway interchange, making them even more desirable.

Respondent also stated that properties zoned “community business” were more highly-valued than “industrial” properties, because the category supports more uses and business types. It was noted that while subjects’ zoning category of community business supported many business uses, Idaho law requires assessments be based on how property is used at the time of assessment. Respondent said subject properties were assessed according to this actual use standard.

Respondent contended the road running along the back edge of subjects did not have a negative impact on value. Respondent stated the road actually provided additional access to the residential portions of both parcels and would also be the only access to the north parcel if it were sold separately from the south parcel.

#### CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purpose of assessing property taxes, Idaho relies on the market value approach as defined in Idaho Code § 63-201(10):

“Market value” means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

Appellant primarily argued the sales provided by Respondent were deficient and the cost to bring subjects up to code exceeded the value of the properties, therefore subjects should be assessed lower.

Respondent contended the sales were appropriate for comparison to subjects because adjustments were made to account for the differences between the sales and the subject properties.

Property by definition, is unique, so finding exact comparables for determining value is not possible. Property is typically valued by referring to sales of recent, proximate, and similar land. “It is not what an expert thinks is the proper method of valuation or what is the best method, but is the method used by the assessor legitimate, fair and reasonable.” Abbott v. State Tax Commission, 88 Idaho 200 at 206, 398 P.2d 221 (1965). Respondent acknowledged the sales are not exactly the same as subject properties, however, it went to great lengths to explain that reasonable adjustments were made to provide the best available basis for comparison to subjects.

Respondent also properly valued subjects according to their current uses, rather than potential uses. “Actual and functional use must be a major consideration when determining market value for assessment purposes.” Greenfield Village Apartments, L.P. v. Ada County, 130 Idaho 207, 938 P.2d 1245 (1997); Idaho Code § 63-208(1).

The Board does not find error in the methods used to assess the subject properties.

Reasonable adjustments were made to the sales to account for differences versus subjects. The sales also demonstrated an upward trend for commercial property values in subjects' area. Appellant's sale was not persuasive because it lacked commercial frontage similar to subjects. As such, it is unlikely that subjects' values should remain at their 2001 assessments as proposed by Appellant. Additionally, it is well established that the actual cost of improvements to property are not directly proportionate to value. After considering all the evidence presented in this matter, the Board finds subjects' assessments fair and equitable. The decisions of the Canyon County Board of Equalization are therefore, affirmed.

#### FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decisions of the Canyon County Board of Equalization concerning the subject parcels be, and the same hereby is, affirmed.

DATED this 9th day of April, 2007.